

Message Text

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PAGE 01 BUENOS 01661 071755Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 OES-07 SOE-02 DOE-11
AGRE-00 EUR-12 EA-10 HEW-04 DOTE-00 /136 W
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SUBJECT: PROPOSED IDB PROJECTS FOR 1978

REF: AIDTO A-69

EMBOFF DISCUSSED PROPOSED 1978 IDB PROJECTS WITH IDB
REPRESENTATIVE IN BUENOS AIRES AND OBTAINED SKETCHY DESCRIPTION
OF THEM. BRIEF OUTLINE OF PROJECTS AND OUR COMMENTS ARE OUT-
LINED BELOW:

1. AR 0121 CONICET -- INCYTH: SCIENCE AND TECHNOLOGY LOAN
(\$71 MILLION). THIS LOAN IS FOR TWO PROJECTS: ONE WITH THE
COUNCIL FOR SCIENCE AND TECHNOLOGY (CONICET) AND THE OTHER
WITH THE NATIONAL INSTITUTE OF HYDROLOGICAL SCIENCE AND
TECHNOLOGY (INCYTH).

--A. CONICET WOULD RECEIVE \$50 MILLION OF THE LOAN TO CONSTRUCT
AND EQUIP REGIONAL RESEARCH FACILITIES. THE TYPE OF RESEARCH
FACILITIES WOULD BE DETERMINED BY THE PRIORITIES OF THE
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PAGE 02 BUENOS 01661 071755Z

REGION: BAHIA BLANCA -- RESEARCH RELATED TO PETROCHEMICALS
AND ENERGY; PUERTO MADRYN -- FISHING AND OCEANOGRAPHY;
MENDOZA -- FOOD, MATHEMATICS, MINING, AND SEISMOLOGY; AND
SANTA FE -- PETROCHEMICALS AND FOOD. OVER 35 REGIONAL
INSTITUTES AND UNIVERSITIES WOULD BENEFIT FROM THE PROGRAM.
THE IDB IS SATISFIED THAT THE CENTERS HAVE THE NECESSARY
HUMAN RESOURCES TO UTILIZE EFFECTIVELY THE FACILITIES AND

EQUIPMENT TO BE PURCHASED WITH THIS LOAN.

--EMBASSY COMMENT: (1) THE PROJECT WILL PERMIT ARGENTINA TO MAKE MORE EFFECTIVE USE OF ITS SCIENTISTS AND TO ENCOURAGE THEM TO REMAIN IN ARGENTINA RATHER THAN GOING ABROAD TO DO THEIR RESEARCH; (2) THE PROJECT REPRESENTS A WORTHWHILE EFFORT TO DECENTRALIZE RESEARCH IN ARGENTINA, MOST OF WHICH HAS BEEN CONCENTRATED IN BUENOS AIRES; (3) THE PROJECT PROMOTES SATISFACTION OF BASIC HUMAN NEEDS INDIRECTLY THROUGH RESEARCH ON FOOD AND COULD HELP MINIMIZE THE TRAGIC HUMAN CONSEQUENCES OF EARTHQUAKES - WHICH OCCUR FREQUENTLY IN ARGENTINA; (4) THE PROJECT SHOULD BE FINANCED THROUGH OCA.

--B. INCYTH WOULD RECEIVE APPROXIMATELY \$20 MILLION TO PURCHASE EQUIPMENT AND MORE GENERALLY TO INCREASE ITS HYDROLOGICAL RESEARCH CAPABILITY. THE PROJECT ALSO INCLUDES A TRAINING COMPONENT, WITH SOME INCYTH RESEARCHERS GOING ABROAD AND SCIENTISTS FROM LESS DEVELOPED NEIGHBORING COUNTRIES COMING TO INCYTH FOR TRAINING. INCYTH ORGANIZED THE 1977 WORLD WATER CONFERENCE AND ENJOYS AND EXCELLENT REPUTATION IN ITS FIELD.

--EMBASSY COMMENT: (1) THE PROJECT WOULD ENHANCE ARGENTINA'S RESEARCH CAPABILITY IN A FIELD WHICH HAS BEEN GIVEN ONE OF THE HIGHEST PRIORITIES BY THE GOA; (2) THROUGH ITS TRAINING COMPONENT, THE PROJECT WILL HAVE A FAVORABLE IMPACT ON LESS DEVELOPED NEIGHBORING COUNTRIES; (3) THE PROJECT WOULD LIMITED OFFICIAL USE

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PAGE 03 BUENOS 01661 071755Z

PROMOTE SATISFACTION OF BASIC HUMAN NEEDS INDIRECTLY TO THE EXTENT THAT IT RESULTED IN IMPROVED WATER SUPPLY SYSTEMS AND SANITATION FOR LESS DEVELOPED AREAS; AND (4) EXCEPT FOR THE PESO COSTS OF TRAINING NON-ARGENTINES BY INCYTH (PRESUMABLY USING FSO PESOS), THE PROJECT SHOULD BE FINANCED BY OCA.

2. AR 0040 -- FISHING DEVELOPMENT (\$60 MILLION): THE IDB LOAN WOULD BE EXTENDED TO NATIONAL DEVELOPMENT BANK (BANADE) TO FINANCE FISHING PROJECTS DEVELOPED BY ARGENTINA'S PRIVATE FISHING INDUSTRY IN THE AREA NORTH OF THE 40TH PARELLEL (THE GOA HAS CONCLUDED AGREEMENTS WITH JAPAN AND GERMANY TO PROMOTE THE DEVELOPMENT OF FISHING SOUTH OF THIS PARELLEL). EACH PROJECT WOULD BE FINANCED ONE-THIRD BY THE FIRM ITSELF. THE CREDIT COULD BE USED FOR PROJECTS INVOLVING THE PURCHASE OF FISHING BOATS AND EQUIPMENT, FACILITIES TO REFRIGERATE OR PROCESS FISH, OR THE DEVELOPMENT OF MARKETING OUTLETS.

--EMBASSY COMMENT: (A) THE GOA HAS GIVEN A HIGH PRIORITY TO THE DEVELOPMENT OF ARGENTINA'S FISHING INDUSTRY, WHICH IS SMALL IN RELATION TO THE SIZE OF THE COUNTRY'S FISHING RESOURCES; (B) INASMUCH AS ARGENTINES IN GENERAL SATISFY THEIR PROTEIN NEEDS BY EATING BEEF AND DO NOT AS A RULE CONSUME MUCH FISH,

THE PROJECT WILL NOT HELP SATISFY BASIC ARGENTINE HUMAN NEEDS TO ANY SIGNIFICANT EXTENT. THE PRIMARY BENEFIT TO ARGENTINA'S ECONOMY WILL BE TO INCREASE EARNINGS FROM THE EXPORT OF FISH; (C) THE PROJECT SHOULD BE FINANCED THROUGH THE OCA.

3. AR 0125 -- CONSTRUCTION OF PRIMARY SCHOOLS (\$50 MILLION). THIS PROJECT HAS TWO BASIC OBJECTIVES:

--A. TO REFORM RURAL PRIMARY SCHOOL EDUCATION; AND

--B. TO ALLEVIATE THE BURDEN RESULTING FROM THE TRANSFER OF PRIMARY SCHOOLS FROM THE FEDERAL GOVERNMENT TO THE PROVINCIAL GOVERNMENT. THE FUNDS WOULD BE PRIMARILY USED TO CONSTRUCT LIMITED OFFICIAL USE

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PAGE 04 BUENOS 01661 071755Z

AND EQUIP RURAL SCHOOLS IN ARGENTINA'S TWELVE POOREST AND LESS DEVELOPED PROVINCES. THE PROJECT WOULD HAVE A LARGE PESO COUNTERPART FROM THE GOA.

--EMBASSY COMMENT: (A) THE PROJECT WOULD HELP REDUCE THE GREAT DEFICIENCY IN RURAL EDUCATION IN ARGENTINA; (B) BY PROVIDING DIRECT BENEFITS TO THE POOREST SEGMENTS OF ARGENTINA'S POPULATION, THE PROJECT HELPS SATISFY BASIC HUMAN NEEDS; (C) THE PROJECT SHOULD BE FINANCED PRIMARILY THROUGH PESO FSO FUNDS.

4. AR 0042 -- YACIRETA HYDROELECTRIC PROJECT -- (\$200 MILLION). YACIRETA IS A MAMMOTH 4,000 MW PROJECT INVOLVING THE CONSTRUCTION OF A \$4 BILLION HYDROELECTRIC DAM ON THE PARANA RIVER. ALTHOUGH TO BE JOINTLY-OWNED BY ARGENTINA AND PARAGUAY, ALL THE ELECTRIC POWER FROM THIS FACILITY WILL BE USED BY ARGENTINA. THE GOA HAS ALSO REQUESTED \$200 MILLION FROM THE IBRD FOR THIS PROJECT. IT IS UNCERTAIN FROM WHERE THE REQUIRED REMAINDER OF THE FINANCING WILL COME.

--EMBASSY COMMENT: (A) THE GOA HAS GIVEN THE PROJECT A HIGH PRIORITY. UNDER ITS ENERGY PLAN, THE GOA PLANS TO SATISFY AN INCREASING PERCENTAGE OF ARGENTINA'S ENERGY NEEDS FROM HYDROELECTRIC POWER RATHER THAN FOSSIL FUELS. NONETHELESS, THE 1978 BUDGET PERMITS ONLY TOKEN ALLOCATION OF FUNDS FROM THE GOA FOR THIS PROJECT AND THE IDB REPRESENTATIVE IN BUENOS AIRES DOUBTS THAT THE IDB BOARD WILL BE ABLE TO APPROVE THE PROJECT THIS FISCAL YEAR; (B) THE PROJECT DOES NOT PROMOTE BASIC HUMAN NEEDS DIRECTLY; (C) THE PROJECT SHOULD BE FINANCED ENTIRELY FROM OCA.

5. THE IDB REPRESENTATIVE REPORTS THAT THE REMAINDER OF THE PROJECTS LISTED AS POSSIBILITIES FOR FY 1978 HAVE BEEN POST-LIMITED OFFICIAL USE

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PONED UNTIL SUBSEQUENT FISCAL YEARS.
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Message Attributes

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